

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
MEETING MINUTES

April 21, 2004
7:00 p.m.

Bellevue City Hall
City Council Conference Room

COMMISSIONERS PRESENT: Chair Schiring, Vice-Chair Lynde, Commissioners Bach, Bonincontri, Maggi, Mathews, Robertson, Vicki Orrico

COMMISSIONERS ABSENT: None

COUNCILMEMBERS PRESENT: Grant Degginger

STAFF PRESENT: Kathleen Burgess, Emil King, Toni Pratt, Steve Cohn, Art Sullivan, Department of Planning and Community Development

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 7:01 p.m. by Chair Schiring who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Lynde who arrived at 7:08 p.m.

3. APPROVAL OF AGENDA

The agenda was approved by consensus.

4. STAFF REPORTS

Kathleen Burgess, Planning Manager, reported that the proposed Comprehensive Plan Amendment for the Lakevue Luxury Storage in the West Ravine has been withdrawn by the applicant.

Ms. Burgess also reported that the city experienced a cataclysmic failure of its email system. All emails before April 20 have been lost, though the technology people are confident they can be retrieved.

5. PUBLIC COMMENT - None

6. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCIL, BOARDS AND COMMISSIONS

Councilmember Degginger said the Council met for a budget retreat on April 19. He said things are tight and resources are projected to be flat. Everyone is working hard to keep costs down,

but there will still be increases to be faced, such as an expected 13 percent increase in healthcare costs for city employees. There will not be a lot of additional programmable money for the CIP beyond programs that are under contract or already under way.

Chair Schiring asked how the tight budget will affect the new City Hall project. Councilmember Degginger said the new building is an independent CIP project. The Council has approved a preliminary budget. The new building will certainly provide a number of efficiencies for city government, and it will be much nicer from a public access standpoint.

7. STUDY SESSION

A. 2004 Update to the Comprehensive Plan – Downtown Subarea Plan

Emil King, Senior Planner, reported that earlier in the evening he had met with new Commissioners Maggi and Orrico to brief them on the Downtown CAC's recommendations for the Downtown Subarea Plan.

Mr. King said staff is proposing that the Downtown Subarea Plan and the Downtown Transportation Plan should be combined. Historically the Transportation Plan has had a few policies and a long list of projects. The Subarea Plan guides development in the Downtown and has primarily been the home for policies focused on land use and design. There is some disconnect in the plans between urban design, land use, and transportation issues that could benefit from being combined into a single plan with a single vision for the Downtown.

A proposed outline combining the two elements was included on page 4 of the Commission packet. Mr. King said as envisioned the plan will begin with the CAC's Great Place Strategy as the primary goal. The plan then moves on to an overview section of economics, land use, historic resources, workforce housing, public safety and utility, then delves into urban design, an outline of the Downtown districts, a description of the parks and open space, the transportation and circulation picture, and then maps and the full Downtown plan project list.

Mr. King said staff expects some 50 to 75 percent of the current Downtown Subarea Plan document will be amended when all of the CAC recommendations are folded in. A draft of the updated document will be presented to the Commission on May 12.

Commissioner Maggi suggested that combining the subarea plan with the transportation plan makes sense.

Commissioner Bonincontri asked if the Parks, Recreation and Open space section will include mention of more than just the Downtown park. Mr. King agreed that the section should mention pieces such as pocket parks and neighborhood parks.

B. 2004 Update to the Comprehensive Plan – Urban Design Element

Mr. King said the Urban Design Element has successfully served the city as a guide to development since its inception. No major changes are envisioned for the element. The suggested revisions have been proposed to update outdated references and incorporate direction from recent planning efforts.

Mr. King explained that the Urban Design Element is closely referenced by land use planners

when conducting permit review. The element is also relied on when constructing public buildings and developing new park space. The element does a very good job of weaving various disciplines together, including architecture, landscape architecture, urban design, and transportation planning.

The Commissioners were told that the first proposed change would be to add a new policy following the current policy UD-27. The new policy would call for developing a comprehensive public signage and wayfinding system throughout the city that will reinforce the identity of Bellevue as a whole and the distinct individual neighborhoods.

Commissioner Robertson said she thought signage would add greatly to the neighborhoods but worried that quality signs might be quite expensive in a time of tight budgets. Mr. King said he would develop a range of costs and share that information with the Commission on May 12.

Commissioner Bach asked how many distinct neighborhoods there are that would be in need of signage. Mr. King allowed that there are a great many neighborhood associations, but the number of neighborhoods envisioned for signage would probably be no more than a dozen or so and roughly tied to the subarea or Neighborhood Enhancement Program boundaries, as appropriate.

Mr. King said a change is proposed for policy UD-43 to include in the discussion section language about potential visual or physical obstructions that may be caused by mechanical equipment. A minor change is envisioned for policy UD-45 as well to talk about opportunities to incorporate dramatic and imaginative landscape and art features when doing streets and/or sidewalks in gateway areas.

Chair Schiring voiced concern over having too much hard architecture in the Downtown core. He said he would like to see the streetscape softened with trees between the base of buildings and the curb. Mr. King said he would go through the Urban Design Element, talk with the land use staff that conduct permit review, and see if there is a disconnect occurring between the policy language and what is actually appearing on the ground. He said he would have information for the Commission on May 12.

Mr. King said the proposal includes a new policy to follow policy UD-64. The language would speak to enhancing the appearance of neighborhoods, especially those which are older, with targeted city programs and services.

The Commissioners were informed that the policies in the current Urban Design Element which focused on the Newcastle Subarea are no longer relevant. At the time the policies were drafted the full Newcastle Subarea Plan was not yet in place; now that the Newcastle plan is in place, policies UD-73, UD-74 and UD-75 are no longer needed.

Mr. King said there are a few spelling mistakes that need to be corrected, and because some of the transportation policies may be renumbered there will be a need to run a final check to make sure all of the cross-references are correct. All of the photos and graphics will be updated as well.

Mr. King reminded the Commissioners that action was taken two years ago to update Figure UD-1 for the area south of I-90. At that time there were very few boulevards and designated intersections in that part of the city, so a number of revisions were made. There were some citizens who stepped forward with the suggestion to re-examine the area north of I-90 at the appropriate time. Staff believes that two road segments should be added to the designated

boulevards list, namely Richards Road and Lake Hills Boulevard.

C. 2004 Update to the Comprehensive Plan
– Housing Element

With regard to housing affordability, Ms. Burgess noted that the work program includes a review of existing regulations and programs, and an examination of new approaches to affordable housing to meet the needs of Bellevue residents and workers. The human services needs survey is conducted in Bellevue every two years. Among other things, respondents are asked to comment on what they consider to be problems for people or families in the community. In the last three surveys, lack of affordable housing has been rated the highest among the 30 choices offered.

The Comprehensive Plan goal for housing affordability is very strong and directs aggressive pursuit of opportunities to preserve and develop housing throughout the city and the Eastside to meet the needs of all economic segments. The city has also been working diligently to meet its targets for affordable housing as required under the Growth Management Act. For all new housing, the target is for 24 percent to be affordable to low-income families, those with incomes of 50 percent of the area median or less, and 17 percent to moderate-income families, those at 50 to 80 percent of the area average. In fact the goal is daunting. The city has done quite well, however, at creating housing affordable to moderate-income families, but lags somewhat relative to the target for low-income family housing.

Ms. Burgess said the existing plans and regulations exempt affordable housing from transportation impact fees and from Issaquah School District impact fees. The city also operates a home repair program that assists 40 to 50 families each year with small-scale projects, and supports A Regional Coalition for Housing (ARCH) which since 1992 has created or preserved more than 2100 units of affordable housing. The focus of ARCH is on family housing, senior housing, homeless/transitional housing, and special needs housing.

From a regulatory standpoint, the city offers a number of incentives for affordable housing. The Land Use Code allows for density bonuses, increased height and other incentives where affordable housing units are concerned. However, the affordable housing incentives have been in the Land Use Code since 1997 but have only been used once. It would appear that the offered incentives are insufficient to produce the desired results. Senior units are being created, but they are not necessarily affordable.

Ms. Burgess suggested that there are options for encouraging housing affordability. Option a would keep the existing plan and regulations as they are. Option b would revise the existing plan and/or the regulations. The recommendation of staff is for the second approach. Staff believes that there are barriers in the code that should be studied and removed if possible, and additional incentives should also be considered (option c).

In addition to regulatory incentives, there could also be some financial incentives that could help bring about more affordable housing units. Ms. Burgess allowed that if the regulatory and financial incentives were packaged together, the result could be the creation of more affordable housing.

Ms. Burgess said non-regulatory financial incentives could have a direct financial impact on the budget of the city, and that fact will need to be made clear to the Council when forwarding any recommendations. One such incentive would be to look at permit fees. Some cities reduce permit fees in direct proportion to the number of affordable units to be created; in some cases, if

ten percent, or five units in a 50-unit complex, are to be affordable, the fees are reduced by ten percent. In Bellevue, however, the system of determining permit fees is very complex and set up different from most cities in that fees are kept fully separated from the rest of the city budget; all fees are established based on cost recovery objectives. If the Council were to reduce fees for affordable housing, the lost funds would either have to come from the General Fund or be spread out across all permit applicants.

ARCH Director Art Sullivan explained that in Kirkland the fee reduction approach is focused on bonus units. They do not know exactly how it will play out, but their thinking is that units created via bonuses will not be levied permit fees. That way the city will not lose income, but at the same time will not receive extra income.

Ms. Burgess said another option being used by some jurisdictions is the multifamily property tax exemption. Under the approach, designated areas must be identified. The tax exemptions are only good for ten years, which is sufficient time to have a project get on its financial feet; after the ten years, the property comes back on the tax rolls. The exemptions also only apply to improvement values, not the entire land value. There must be a finding of public benefit before the tax exemptions can be allowed. Only one city in the state is currently using the approach to encourage affordable housing; most cities use the approach to encourage multifamily housing generally.

Another non-regulatory incentive could involve the priorities set for the city's affordable housing funds. Ms. Burgess noted that Bellevue is an active member of ARCH. In 1998 the Council established special needs housing and preservation of existing housing as priorities. The ARCH board has set additional priorities, including permanent housing, family housing and senior housing. It may be time for the Council to revisit the priorities for the affordable housing funds.

There was consensus in favor of exploring option b (revise existing plan and/or regulations) over option a.

Answering a question asked by Commissioner Maggi, Mr. Sullivan said ultimately the entities that own and develop affordable housing properties are the ones who end up going to the various players to seek funding. Some funders are straightforward with respect to what they are looking to fund, and others are less so. ARCH has taken the attitude of being flexible with regard to what it should do with its funding; in some cases grants are offered, and in other cases loans are offered. ARCH has in the past acted to put money on the table to make projects competitive from the start and to better leverage funds. ARCH takes the wider view and looks at how projects will fit into what the particular communities want to achieve. The priorities established by Bellevue are not as wide as other communities, but ARCH has still been able to find a lot of projects to fit the adopted priorities.

Mr. Sullivan commented that at the direction of their City Council, the Kirkland Planning Commission is working to develop a single package of incentives drawing on both options b and c. They are trying to find ways to get the private sector to create more affordability through a voluntary approach. It has been decided that no one of the incentives alone will be sufficient to achieve the desired results.

Commissioner Mathews said he likes the multifamily property tax exemption approach. It provides for a tangible incentive while being limited to only ten years.

Commissioner Robertson said she could support development of a package of incentives from

the list of options shown as option c. She suggested that if permit fees are to be reduced, there should be a threshold below which the city will not go. The property tax exemption is a great incentive, but it should be limited only to the affordable units created that meet the ARCH priorities.

Commissioner Bach observed that the city's housing target is 10,000 additional units over the next 20 years. If the goal is for 24 percent of all new housing units to fall into the affordable category, the affordable housing target is 2400 units. Ms. Burgess noted that number of units are to be affordable to households earning at or below 50 percent of the area average income. An additional 17 percent are to be affordable to those earning between 50 and 80 percent of the area average income, and that amounts to an additional 1700 units. She added that ARCH is doing a very good job of bringing affordable units online, but the city needs to do more.

Commissioner Bach said he has seen the multifamily property tax exemptions work very well. He suggested that the exemption should not be limited just to the affordable units.

Commissioner Bonincontri agreed that it will be important to consider all financial incentives. She said she favors both the permit reduction and property tax exemption approaches.

Ms. Burgess stated that the city's funding priorities are stricter than those established by ARCH. One option would be to recommend to the Council a broadening of the city's priorities to match those set by ARCH. Mr. Sullivan added that it has been five years since the Council chose its priorities and as a matter of course they should at least be reviewed.

Commissioner Mathews agreed that the priorities should be periodically reviewed in any case. Needs change over time, and the priorities should keep pace.

Commissioner Bach asked if any jurisdiction has tried property tax exemptions for a much shorter period of time, such as one or two years, as an incentive to promote the rehabilitation of properties. Mr. Sullivan answered that property tax exemptions are watched very closely. He said there have been efforts to work with the legislature to allow partial exemptions for rental housing; partial exemptions are currently allowed only for owner housing. The options have focused on 50 percent for ten years or 100 percent for five years. Absent specific state authorization, there could be no exemptions for rehabilitation purposes, unless the rehabilitation is tied to a vacant building. Public funds cannot be channeled into private development without a clear public benefit.

Commissioner Maggi asked if there are any properties in the city that currently are exempted from property taxes, and if the actual amount of tax money being lost can be tracked accurately to know when they will be coming back online. Mr. Sullivan said the income lost by having exempted properties is actually spread out across all properties that are taxed; no actual tax base is lost. Under the ten-year property tax exemption, however, there would be actual revenue losses. There are limits as to how much property taxes can be increased each year. In protecting tax revenues, the city calculates the allowed increase and adds to it the taxes that will flow from new development. Since the ten-year exemption only applies to new development, the amount of new taxes coming online is slowed by a measurable amount.

Ms. Burgess noted that in the fall of 2003 the Commission added to the work program for the Housing Element the notion of revising the current multifamily standards to ensure a quality living environment for families. Most new housing units in the city will be multifamily units so the issue is an important one. The existing regulations are mainly aimed at making sure new multifamily development is compatible with the surrounding neighborhood. Where multifamily

abuts single family, the regulations focus on perimeter landscaping and transitions, but there is no focus on making sure there will be a quality living environment within the multifamily development. The Land Use Code includes a standard that must be met with regard to play areas for children. In most instances the result is small play areas for small children; what is not being created is recreation facilities for older children and open space for seniors and others. The provision of such spaces, because it is not required, is left up to the individual developers, unless a planned unit development process specifically requires open space.

Ms. Burgess said staff believes the standards can be improved to create better living environments for families in multifamily developments. At the same time, however, adding a lot of new regulations could increase the overall cost of developing housing units, something that would work directly against the creation of affordable housing units.

Commissioner Robertson said she would be in favor of at least looking at the issue. Commissioner Maggi concurred. Commissioner Bonincontri agreed as well, noting that in some jurisdictions a certain amount of open space is required per housing unit. She added that if there are nearby trails or parks the open space requirements could be scaled back accordingly.

Commissioner Mathews added his support for looking at the issue, adding that the focus should be on things that do not cost much, such as benches, gazebos and picnic areas. Commissioner Bach agreed, adding that in many cases the market dictates what amenities should be added to a development. There are few large parcels left on which multifamily developments can be erected, and it is often tough just to make the units, parking and limited open space fit on site. Redevelopment will offer some possibilities, but redevelopment costs more to begin with. He suggested that requirements for open space should perhaps be limited to developments with 50 units or more. Chair Schiring added his agreement.

With regard to neighborhood compatibility, Ms. Burgess shared with the Commissioners a number of maps. The first map showed the age of single family housing units in the city. The second map showed activity in single family reinvestment, additions and remodels between 1994 and 2003. The third map showed the location of new housing, both on vacant land and via demolition and rebuilding, throughout the city between 1999 and March 2004. The fourth map depicted the size of homes within the city.

Ms. Burgess said staff has been spending time talking with the single family plan reviewers to see what issues are being raised with regard to new housing. They are seeing very big houses, but not all that many complaints from neighbors other than general complaints about noise and dust during construction. Neighborhoods which are seeing no reinvestment can be considered to be in decline. Some remodeling and a new house or two is a sign of a healthy neighborhood. There can come a time, however, when there is simply too much change going on in a neighborhood. Staff believes that it would be appropriate to intervene to review very large houses for compatibility with the neighborhood. Many new homes coming online are of different styles than the existing homes; for one thing, they are generally all two stories instead of one. Often vegetation is removed for construction purposes, but the main issue that should be reviewed is the size of houses, not style.

Ms. Burgess called attention to the chart on page 45 of the packet. She noted that in the R-1 zone the minimum lot size is 35,000 square feet. Currently the code allows for 35 percent lot coverage, or a footprint of 12,250 square feet. A two-story home could be as large as 24,500 square feet. Staff is not suggesting that homes of that size should be disallowed, only that really large homes should be reviewed for compatibility. One proposal would be to set a threshold lot coverage above which a compatibility review would be triggered. If the threshold for R-1 were

set at 15 percent, a footprint of 5250 square feet, or 10,500 square feet for a two-story structure, would be allowed without any kind of compatibility review.

Ms. Burgess said another approach would be to establish a set square footage threshold for homes above which there would be a compatibility review triggered. Staff could see no rationale for simply not permitting homes above a certain square footage.

Commissioner Lynde commented that a 10,500 square foot home is huge. Establishing a 15 percent trigger threshold would in effect be of no value. She suggested looking for a threshold based on a percentage greater than an existing structure on the site, or the average size of existing houses in the neighborhood. Houses that are out of scale with other homes can ruin the whole character of a neighborhood.

Ms. Burgess agreed that in a neighborhood of 2500 square foot homes, a home of 7000 square feet would seem out of place, and it likely would upset several local residents. However, by the time a second large house is built in the same neighborhood, the character of the neighborhood will have begun to change. By the time the third large house gets built, others in the neighborhood begin thinking about what they could do with their properties.

Commissioner Robertson concurred with the comments of Commissioner Lynde. She suggested that the problem with using a lot coverage averaging approach is that the math would change every time: a larger lot would yield a larger house. She liked the idea of regulating based on bulk because larger houses do block light and affect air flow within a neighborhood. She said she would favor regulations along the lines of imposing increased setbacks. The larger the house, the greater the buffers needed to mitigate the effects. Ms. Burgess pointed out that the lot coverage requirements generally kick in before the setbacks become a factor in determining a footprint.

Commissioner Bonincontri held that lot coverage is a good way to limit large houses. A large house on a very large lot is not all that obtrusive; a large house on a smaller lot can be. She also agreed with the notion of looking at setbacks. Ms. Burgess allowed that increasing the setbacks could result in a number of homes becoming nonconforming. Commissioner Bonincontri said a setback approach could be imposed based on building height that might work.

Chair Schiring said he is aware of a house being remodeled that started out as a 1600 square foot home. The structure is now pushing the 35-foot height limit and is in effect a three-story house. In addition a wall has been built around the property on all four sides right up to the street. If there is a line that needs to be defined, the structure certainly crosses it.

Commissioner Mathews shared that the home next door to his was remodeled. The footprint of the home was extended to include the garage, and what was a 1300 square foot rambler has become a 5200 square foot structure that blocks out the sun for most of the afternoon and evening. He allowed that large homes on large lots can be designed in such a way as to not impact neighboring properties, but large homes on smaller lots are too imposing.

Ms. Burgess commented that virtually no single-story single family homes are being built in Bellevue anymore. Many new homes are coming very close to the 35 feet height limit allowed in single family areas. That fact alone tends to make a house out of scale with existing neighboring homes that are all single story structures.

Commissioner Bach said he would oppose setting limits on size without a valid reason. He allowed that if there are environmental impacts, such as blocking light and air, there should be

some restrictions imposed. For the most part the largest homes are being built on the larger lots. Toni Pratt, Associate Planner, pointed out that single family construction is exempted from SEPA, so tackling the issue from an environmental standpoint would be very difficult.

Ms. Burgess said the city of Woodinville requires a Conditional Use Permit for homes larger than 8500 square feet. At the other end of the scale, some Canadian towns require neighborhood buyoff before plans for new homes can be approved.

Noting that problems with large houses are occurring most often where smaller homes are first torn down, Commissioner Robertson proposed establishing a trigger at a certain percentage increase over the size of the original structure.

Commissioner Maggi said she could support allowing a larger footprint in exchange for less overall height. She agreed that the Conditional Use Permit process might be a good approach to take, and the trigger size should be somewhere around 7000 square feet.

Commissioner designee Orrico commented that the discussion on housing has included talk about encouraging different housing types, including multifamily and condos in single family areas. It would not be acceptable to not allow two-story structures on one side of the street in order to keep the sizes of homes down while allowing condos on the other side of the street.

Ms. Pratt said the city's Administrative Conditional Use Permit is reviewed internally by staff. There is a public component involved that includes noticing everyone within 200 feet of the subject property. In some cases no comments are received, and in those instances staff relies solely on the established criteria and standards. The process is not currently available for single family development. Whatever approach is selected should be easy for the staff team to implement.

With regard to the issue of mixed-use housing, Ms. Burgess said staff went back and talked with the land use planners and gave the regulations another look. The thinking was that the Neighborhood Business regulations should be given more time to work. The regulations for Community Business allow for more height, more lot coverage and more units per acre; those regulations also should be allowed to play out in the market.

Ms. Burgess shared with the Commissioners a map showing the development potential for both single family and multifamily throughout the city.

Ms. Burgess read to the Commissioners a comment mailed in by a citizen addressing the housing issue. The author, Renay Bennett, wanted the record to reflect her opposition to increased density in neighborhoods.

8. APPROVAL OF MINUTES

A. March 10, 2004

Motion to approve the minutes as submitted was made by Commissioner Robertson. Second was by Commissioner Bonincontri and the motion carried without dissent; Chair Schiring and Commissioners Bach and Lynde abstained from voting.

9. OLD BUSINESS

Ms. Burgess announced that the annual Commission retreat will be scheduled for a Wednesday

evening in June.

10. NEW BUSINESS

Commissioner Robertson reported that a public hearing concerning Sunset Village will occur on April 22 starting at 7:00 p.m.

11. PETITIONS AND COMMUNICATIONS – None

12. ADJOURNMENT

Chair Schiring adjourned the meeting at 9:28 p.m.
